

VZCZCXYZ0003
RR RUEHWEB

DE RUEHMU #1431/01 1562055
ZNR UUUUU ZZH
R 052055Z JUN 07
FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 0439
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE
RUEAHLC/HOMELAND SECURITY CENTER WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHMCSSU/FBI WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

UNCLAS MANAGUA 001431

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STATE FOR WHA/CEN, WHA/EPSC, EB/ESC/TFS - LEAHY AND CANNON,
S/CT HILL AND GALER

E.O. 12958: N/A

TAGS: PTER EFIN ETTC KTFN PREL NU

SUBJECT: NICARAGUA: FACING CHALLENGES IN ADDRESSING CASH
COURIERS

REF: STATE 16120

¶1. (SBU) Summary: On May 24, Econoff delivered reftel
demarche on illicit cash couriers to representatives of the
Nicaraguan inter-agency Anti-Terrorism Working Group
(ATWG). ATWG representatives responded that cash couriers
are an issue of growing concern in Nicaragua, but current
laws and the lack of a Financial Intelligence Unit make it
difficult to prosecute this and other financial crimes
effectively. The ATWG believes, however, that several
bills nearing approval by the National Assembly, including
a new Penal Code, will address these limitations. The ATWG
is exploring funding sources for integrated training on
financial crimes to take place in Nicaragua. Nicaragua's
highly politicized and corrupt judicial system will make
enforcement of any new laws difficult, as politics
determines judicial decisions. Extensive training of
investigators and judges will be essential. End Summary.

¶2. (SBU) On May 24, Econoff delivered reftel demarche on
illicit cash couriers to representatives of the Nicaraguan
ATWG. Econoff left as an aide-memoire the non-paper, the
text of the UN International Convention for the Suppression
of the Financing of Terrorism, the nine Special
Recommendations of the FATF-GAFI, and relevant talking
points. Full list of representatives at the meeting are in
Paragraph 9.

Cash Couriers are a problem not well addressed

¶3. (SBU) In response to the demarche, ATWG representatives
stated that cash couriers have become a growing concern in
Nicaragua. The Prosecutor General's office reported four
large (over USD 1 million) seizures since October 2006.
Because the cash seizures did not happen as part of drug
seizures (although they were probably connected) the
Attorney General's office can only prosecute under Law 42,
which addresses customs contraband. The short sentences
proscribed for these crimes are ineffective for addressing
this growing problem.

¶4. (SBU) According to post's Regional Legal Advisor, the
Prosecutor General's office unwillingness to consider money
laundering charges in any case not tied directly to
narcotics trafficking also hampers the police and Attorney
General's efforts. Nicaragua also lacks a Financial
Intelligence Unit (the only country in the Americas without
one), and regulations on how to transparently seize and
process the assets of convicted criminals, including cash

and bank accounts.

The National Assembly Holds Potential Solutions

15. (SBU) The ATWG believes several bills nearing approval by the National Assembly will address current limitations for prosecuting financial crimes. The new Penal Code, expected to be approved and implemented in August, now lists money laundering (to include cash smuggling) as a crime independent of narcotics trafficking, with sentences starting at five years. With UN funding, the ATWG is supporting an anti-terrorism bill, expected to reach the full Assembly for consideration in June. The ATWG is also pressuring the National Assembly to pass a long-stalled bill creating an independent and fully-funded Financial Analysis Unit (a FATF requirement by January 2008.) The Chief of Police and Superintendent of Banks will lead this lobbying effort.

Other Efforts and Needs

16. (SBU) The GON is preparing people to address financial crimes. The National Police has a permanent training program for officers working on the borders and is actively sharing intelligence with other agencies. The Prosecutor General's office is creating a special economic crimes unit to work in coordination with the National Police's Economic Crimes Office. They are also drafting a bill to create a unit specialized in handling seized assets. All of the agencies in the ATWG are hampered by a lack of money to attend training opportunities in the region. This limits the number of people trained and the access to new information on changing crime patterns and investigation techniques.

17. (SBU) The ATWG and its member agencies are interested in hosting training opportunities on the various aspects of financing terrorism and organized crime including investigation and prosecution techniques. In September, the U.S. IRS will hold an introductory course on investigating and prosecuting money laundering, the first in a series of training modules already carried out in Panama.

Comment

18. (SBU) Nicaragua's highly politicized and corrupt judicial system makes enforcement of any laws in Nicaragua difficult. Most of the members of the ATWG are serious about improving Nicaragua's ability to fight organized crime and terrorism. At the moment, however, politics takes precedence over judicial decisions. Extensive training for investigators and judges would help Nicaragua become an effective player in the world-wide efforts to stop terrorism and organized crime financing. End comment.

ATWG Representatives at the meeting

19. (U) - Ministry of Foreign Affairs (MFA) Director of Democratic Security Carlos Bana

- MFA Deputy Director of Democratic Security Marazeli Rodriguez
- MFA Deputy Director of the Americas Rene Morales
- MFA U.S. Desk Officer Gregorio Torres
- Executive Secretary of the Prosecutor General's Office Delia Rosales
- Assistant Attorney General for Criminal Matters Amy Garcia Curtis
- Superintendence of Banks Anti-money Laundering Coordinator Heynar Francisco Martinez
- National Police Director of Economic Investigations

Javier Obando Galeano

- National Police Director of Customs Fidel Dominguez

Alvarez

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